

HOUSE BILL 1182

C8, L6, Q8

0lr0813

By: **Delegates Ivey, Benson, Frush, McIntosh, Niemann, Pena–Melnyk,
Ramirez, and Valderrama**

Introduced and read first time: February 17, 2010

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Business Improvement Districts**

3 FOR the purpose of authorizing a county or municipal corporation to create certain
4 business improvement districts; providing for the legislative purposes of a
5 district; requiring a county or municipal corporation to adopt certain resolutions
6 to provide for the creation, organization, and alteration of a district; providing
7 for the governance of the business improvement district corporation; providing
8 that the net earnings of a district corporation may benefit only the district
9 corporation; authorizing a district corporation to receive certain money, charge
10 certain fees, have certain employees, and use certain services; providing for the
11 application and creation of a district; requiring that before a district may be
12 created a certain public hearing must be held; requiring the governing body of a
13 county or municipal corporation to impose a certain tax in a certain manner
14 under certain circumstances; providing for the expansion of a district;
15 authorizing a district corporation, under certain circumstances, to issue certain
16 bonds; and generally relating to the authorization and creation of business
17 improvement districts and district corporations.

18 BY adding to

19 Article – Economic Development

20 Section 12–401 through 12–412 to be under the new subtitle “Subtitle 4.
21 Business Improvement Districts”

22 Annotated Code of Maryland

23 (2008 Volume and 2009 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That the Laws of Maryland read as follows:

26 **Article – Economic Development**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **SUBTITLE 4. BUSINESS IMPROVEMENT DISTRICTS.**

2 **12-401.**

3 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
4 **INDICATED.**

5 **(B) “BOARD” MEANS THE BOARD OF DIRECTORS OF A DISTRICT**
6 **CORPORATION.**

7 **(C) “COMMERCIAL TENANT” MEANS A LESSEE OR OTHER LAWFUL**
8 **OCCUPANT, OTHER THAN THE OWNER, OF NONEXEMPT PROPERTY WITHIN A**
9 **DISTRICT.**

10 **(D) “DISTRICT” MEANS A BUSINESS IMPROVEMENT DISTRICT**
11 **ESTABLISHED UNDER THIS SUBTITLE.**

12 **(E) “DISTRICT CORPORATION” MEANS A BUSINESS IMPROVEMENT**
13 **DISTRICT CORPORATION FORMED IN ACCORDANCE WITH THIS SUBTITLE.**

14 **(F) “NONEXEMPT PROPERTY” MEANS NONRESIDENTIAL REAL**
15 **PROPERTY THAT IS NOT EXEMPT FROM PAYING REAL PROPERTY TAXES.**

16 **12-402.**

17 **THE LEGISLATIVE PURPOSES OF THIS SUBTITLE ARE TO:**

18 **(1) PROVIDE FOR THE CREATION OF BUSINESS IMPROVEMENT**
19 **DISTRICTS; AND**

20 **(2) PROMOTE THE GENERAL WELFARE OF THE RESIDENTS,**
21 **EMPLOYERS, EMPLOYEES, PROPERTY OWNERS, COMMERCIAL TENANTS,**
22 **CONSUMERS, AND THE GENERAL PUBLIC WITHIN THE GEOGRAPHIC AREA OF**
23 **THE BUSINESS IMPROVEMENT DISTRICTS.**

24 **12-403.**

25 **(A) SUBJECT TO A PUBLIC HEARING UNDER § 12-409 OF THIS SUBTITLE**
26 **AND TO ACCOMPLISH ONE OR MORE OF THE LEGISLATIVE PURPOSES LISTED IN**
27 **§ 12-402 OF THIS SUBTITLE, THE LEGISLATIVE BODY OF A COUNTY OR**
28 **MUNICIPAL CORPORATION MAY ADOPT A RESOLUTION TO CREATE A BUSINESS**
29 **IMPROVEMENT DISTRICT IN ACCORDANCE WITH THIS SUBTITLE.**

1 **(B) A RESOLUTION ADOPTED UNDER SUBSECTION (A), (F), OR (G) OF**
2 **THIS SECTION:**

3 **(1) IS ADMINISTRATIVE IN NATURE;**

4 **(2) IS NOT SUBJECT TO REFERENDUM; AND**

5 **(3) IN A COUNTY OR MUNICIPAL CORPORATION THAT HAS A**
6 **PUBLICLY ELECTED CHIEF EXECUTIVE, IS SUBJECT TO APPROVAL BY THE CHIEF**
7 **EXECUTIVE.**

8 **(C) SUBSECTION (A) OF THIS SECTION IS SELF-EXECUTING AND FULLY**
9 **AUTHORIZES A COUNTY OR MUNICIPAL CORPORATION TO ESTABLISH AN**
10 **AUTHORITY, NOTWITHSTANDING ANY OTHER STATUTORY OR CHARTER**
11 **PROVISION.**

12 **(D) A RESOLUTION ADOPTED UNDER SUBSECTION (A) OF THIS SECTION**
13 **SHALL INCLUDE PROPOSED ARTICLES OF INCORPORATION OF THE BUSINESS**
14 **IMPROVEMENT DISTRICT CORPORATION THAT STATE:**

15 **(1) THE NAME OF THE DISTRICT CORPORATION;**

16 **(2) THAT THE DISTRICT CORPORATION IS FORMED UNDER THIS**
17 **SUBTITLE;**

18 **(3) THE NAMES, ADDRESSES, AND TERMS OF OFFICE OF THE**
19 **INITIAL MEMBERS OF THE BOARD OF DIRECTORS OF THE DISTRICT**
20 **CORPORATION;**

21 **(4) THE ADDRESS OF THE PRINCIPAL OFFICE OF THE DISTRICT**
22 **CORPORATION;**

23 **(5) THE PURPOSES FOR WHICH THE DISTRICT IS FORMED; AND**

24 **(6) THE POWERS OF THE DISTRICT, SUBJECT TO THE**
25 **LIMITATIONS ON THE POWERS OF DISTRICTS UNDER THIS SUBTITLE.**

26 **(E) (1) THE CHIEF EXECUTIVE OF THE INCORPORATING COUNTY OR**
27 **MUNICIPAL CORPORATION, OR ANY OTHER OFFICIAL DESIGNATED IN THE**
28 **RESOLUTION ESTABLISHING THE DISTRICT, SHALL EXECUTE AND FILE THE**
29 **ARTICLES OF INCORPORATION OF THE DISTRICT CORPORATION FOR RECORD**
30 **WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION.**

1 **(2) WHEN THE STATE DEPARTMENT OF ASSESSMENTS AND**
2 **TAXATION ACCEPTS THE ARTICLES OF INCORPORATION FOR RECORD, THE**
3 **DISTRICT CORPORATION BECOMES A BODY POLITIC AND CORPORATE AND AN**
4 **INSTRUMENTALITY OF THE INCORPORATING COUNTY OR MUNICIPAL**
5 **CORPORATION.**

6 **(3) ACCEPTANCE OF THE ARTICLES OF INCORPORATION FOR**
7 **RECORD BY THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION IS**
8 **CONCLUSIVE EVIDENCE OF THE FORMATION OF THE DISTRICT CORPORATION.**

9 **(F) (1) BY RESOLUTION, THE LEGISLATIVE BODY OF THE**
10 **INCORPORATING COUNTY OR MUNICIPAL CORPORATION MAY ADOPT AN**
11 **AMENDMENT TO THE ARTICLES OF INCORPORATION OF THE DISTRICT**
12 **CORPORATION.**

13 **(2) ARTICLES OF AMENDMENT MAY CONTAIN ANY PROVISION**
14 **THAT LAWFULLY COULD BE CONTAINED IN ARTICLES OF INCORPORATION AT**
15 **THE TIME OF THE AMENDMENT.**

16 **(3) THE ARTICLES OF AMENDMENT SHALL BE FILED FOR RECORD**
17 **WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION.**

18 **(4) THE ARTICLES OF AMENDMENT ARE EFFECTIVE AS OF THE**
19 **TIME THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION ACCEPTS THE**
20 **ARTICLES FOR RECORD.**

21 **(5) ACCEPTANCE OF THE ARTICLES OF AMENDMENT FOR**
22 **RECORD BY THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION IS**
23 **CONCLUSIVE EVIDENCE THAT THE ARTICLES HAVE BEEN LAWFULLY AND**
24 **PROPERLY ADOPTED.**

25 **(G) (1) SUBJECT TO THIS SECTION AND ANY LIMITATIONS IMPOSED**
26 **BY LAW ON THE IMPAIRMENT OF CONTRACTS, THE INCORPORATING COUNTY OR**
27 **MUNICIPAL CORPORATION, IN ITS SOLE DISCRETION AND BY RESOLUTION, MAY:**

28 **(I) SET OR CHANGE THE STRUCTURE, ORGANIZATION,**
29 **PROCEDURES, PROGRAMS, OR ACTIVITIES OF THE DISTRICT; OR**

30 **(II) TERMINATE THE DISTRICT.**

31 **(2) ON TERMINATION OF A DISTRICT:**

1 **(I) TITLE TO ALL PROPERTY OF THE DISTRICT SHALL BE**
2 **TRANSFERRED TO AND VEST IN THE INCORPORATING COUNTY OR MUNICIPAL**
3 **CORPORATION; AND**

4 **(II) ALL OBLIGATIONS OF THE DISTRICT CORPORATION**
5 **SHALL BE TRANSFERRED TO AND ASSUMED BY THE INCORPORATING COUNTY**
6 **OR MUNICIPAL CORPORATION.**

7 **12-404.**

8 **(A) A BOARD OF DIRECTORS SHALL GOVERN THE DISTRICT**
9 **CORPORATION.**

10 **(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
11 **BOARD OF A DISTRICT CORPORATION CONSISTS OF FIVE MEMBERS APPOINTED**
12 **BY THE MEMBERS OF THE DISTRICT.**

13 **(2) APPOINTMENT PROCEDURES SHALL BE PROVIDED IN THE**
14 **RESOLUTION ESTABLISHING THE DISTRICT.**

15 **(C) (1) A MEMBER MAY BE REMOVED AT ANY TIME WITH OR WITHOUT**
16 **CAUSE.**

17 **(2) PROCEDURES FOR REMOVAL SHALL BE THOSE PROVIDED IN**
18 **THE RESOLUTION ESTABLISHING THE DISTRICT OR A SUBSEQUENT**
19 **RESOLUTION.**

20 **(D) FROM AMONG ITS MEMBERS, THE BOARD SHALL ELECT A CHAIR**
21 **AND OTHER OFFICERS.**

22 **(E) (1) THREE VOTING MEMBERS OF THE BOARD ARE A QUORUM.**

23 **(2) THE BOARD MAY ACT ON A RESOLUTION ONLY BY THE**
24 **AFFIRMATIVE VOTE OF AT LEAST THREE VOTING MEMBERS.**

25 **(F) A MEMBER OF THE BOARD:**

26 **(1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE**
27 **BOARD; BUT**

28 **(2) SHALL BE REIMBURSED FOR EXPENSES INCURRED IN**
29 **PERFORMING THE MEMBER'S DUTIES.**

1 **(G) THE BOARD SHALL EXERCISE ITS POWERS BY RESOLUTION.**

2 **(H) THE BOARD SHALL FILE AN ANNUAL REPORT WITH THE GOVERNING**
3 **BODY OF THE COUNTY OR MUNICIPAL CORPORATION THAT INCLUDES:**

4 **(1) A FINANCIAL STATEMENT FOR THE PRECEDING YEAR;**

5 **(2) A PROPOSED OPERATING BUDGET FOR THE CURRENT FISCAL**
6 **YEAR; AND**

7 **(3) A NARRATIVE STATEMENT OR CHART SHOWING THE RESULTS**
8 **OF OPERATIONS IN COMPARISON TO STATED GOALS AND OBJECTIVES.**

9 **12-405.**

10 **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE OR THE**
11 **RESOLUTION ESTABLISHING THE DISTRICT, THE PROCEDURES OF THE**
12 **INCORPORATING COUNTY OR MUNICIPAL CORPORATION CONTROL ANY MATTER**
13 **RELATING TO THE INTERNAL ADMINISTRATION OF THE DISTRICT**
14 **CORPORATION.**

15 **12-406.**

16 **EXCEPT AS NECESSARY TO PAY DEBT SERVICE OR IMPLEMENT THE**
17 **PUBLIC PURPOSES OR PROGRAMS OF THE INCORPORATING COUNTY OR**
18 **MUNICIPAL CORPORATION, THE NET EARNINGS OF A DISTRICT CORPORATION**
19 **MAY BENEFIT ONLY THE DISTRICT CORPORATION.**

20 **12-407.**

21 **(A) (1) EXCEPT AS LIMITED BY ITS ARTICLES OF INCORPORATION, A**
22 **DISTRICT CORPORATION HAS ALL THE POWERS SET FORTH IN THIS SUBTITLE.**

23 **(2) A DISTRICT CORPORATION MAY:**

24 **(I) RECEIVE MONEY FROM ITS INCORPORATING COUNTY OR**
25 **MUNICIPAL CORPORATION, THE STATE, OTHER GOVERNMENTAL UNITS, OR NOT**
26 **FOR PROFIT ORGANIZATIONS;**

27 **(II) ISSUE BONDS AND OTHER EVIDENCE OF INDEBTEDNESS;**

28 **(III) CHARGE FEES FOR ITS SERVICES;**

1 (IV) HAVE EMPLOYEES AND CONSULTANTS AS IT CONSIDERS
2 NECESSARY; AND

3 (V) USE THE SERVICES OF OTHER GOVERNMENTAL UNITS.

4 (B) FOR THE PURPOSES OF THIS SUBTITLE, EACH COUNTY AND
5 MUNICIPAL CORPORATION HAS ALL THE POWERS GRANTED IN THIS SUBTITLE
6 TO A DISTRICT, INCLUDING THE POWER TO MAKE LOANS TO PRIVATE
7 ENTERPRISES COMPETING WITH ENTERPRISES NOT RECEIVING THE LOANS.

8 (C) (1) (I) A DISTRICT CORPORATION SHALL OPERATE AND
9 EXERCISE ITS POWERS SOLELY TO ACCOMPLISH ONE OR MORE OF THE
10 LEGISLATIVE PURPOSES OF THIS SUBTITLE.

11 (II) THE INCORPORATING COUNTY OR MUNICIPAL
12 CORPORATION MAY USE THE DISTRICT CORPORATION'S EXERCISE OF ITS
13 POWERS TO ACCOMPLISH ONE OR MORE OF THE LEGISLATIVE PURPOSES OF
14 THIS SUBTITLE.

15 (2) A DISTRICT CORPORATION OR AN INCORPORATING COUNTY
16 OR MUNICIPAL CORPORATION MAY EXERCISE ITS POWERS REGARDLESS OF ANY
17 EFFECT ON ECONOMIC COMPETITION.

18 (3) THE POWERS GRANTED TO A COUNTY OR MUNICIPAL
19 CORPORATION UNDER PARAGRAPH (2) OF THIS SUBSECTION DO NOT:

20 (I) GRANT TO THE COUNTY OR MUNICIPAL CORPORATION
21 POWERS IN ANY SUBSTANTIVE AREA NOT OTHERWISE GRANTED TO THE COUNTY
22 OR MUNICIPAL CORPORATION UNDER OTHER PUBLIC GENERAL OR PUBLIC
23 LOCAL LAW;

24 (II) RESTRICT THE COUNTY OR MUNICIPAL CORPORATION
25 FROM EXERCISING ANY POWER GRANTED TO THE COUNTY OR MUNICIPAL
26 CORPORATION UNDER OTHER PUBLIC GENERAL OR PUBLIC LOCAL LAW OR
27 OTHERWISE;

28 (III) AUTHORIZE THE COUNTY OR MUNICIPAL CORPORATION,
29 OR THE OFFICERS OF THE COUNTY OR MUNICIPAL CORPORATION, TO ENGAGE
30 IN AN ACTIVITY THAT IS BEYOND THE POWER GRANTED UNDER OTHER PUBLIC
31 GENERAL OR PUBLIC LOCAL LAW OR OTHERWISE; OR

32 (IV) PREEMPT OR SUPERSEDE THE REGULATORY
33 AUTHORITY OF A UNIT OF STATE GOVERNMENT UNDER A PUBLIC GENERAL LAW.

1 **(4) THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION**
2 **IS NOT PRECLUDED FROM DIRECTLY EXERCISING THE POWERS GRANTED TO A**
3 **DISTRICT CORPORATION UNDER THIS SUBTITLE AFTER THE ESTABLISHMENT OF**
4 **THE BUSINESS IMPROVEMENT DISTRICT.**

5 **12-408.**

6 **(A) THE PROPOSER OF A DISTRICT CORPORATION SHALL SUBMIT AN**
7 **APPLICATION TO FORM A DISTRICT TO:**

8 **(1) THE GOVERNING BODY OF THE COUNTY IN WHICH THE**
9 **PROPOSED DISTRICT IS LOCATED; AND**

10 **(2) IF THE PROPOSED DISTRICT IS LOCATED WITHIN A MUNICIPAL**
11 **CORPORATION, THE GOVERNING BODY OF THE MUNICIPAL CORPORATION.**

12 **(B) THE APPLICATION REQUIRED UNDER SUBSECTION (A) OF THIS**
13 **SECTION SHALL CONTAIN:**

14 **(1) A STATEMENT SETTING FORTH:**

15 **(I) THE PROPOSED NAME AND ADDRESS OF THE DISTRICT**
16 **CORPORATION; AND**

17 **(II) THE STREET ADDRESS OF EACH OWNER OF NONEXEMPT**
18 **PROPERTY WITHIN THE PROPOSED DISTRICT;**

19 **(2) A STATEMENT SIGNED BY OWNERS OF AT LEAST 51%**
20 **INTEREST IN THE ASSESSED VALUE OF THE NONEXEMPT PROPERTY AND AT**
21 **LEAST 25% IN NUMBER OF INDIVIDUAL PROPERTIES OF RECORD IN THE**
22 **GEOGRAPHIC AREA OF THE PROPOSED DISTRICT;**

23 **(3) A PROPOSED 3-YEAR BUSINESS PLAN THAT CONTAINS:**

24 **(I) THE GOALS AND OBJECTIVES OF THE PROPOSED**
25 **DISTRICT;**

26 **(II) THE ANNUAL PROPOSED BUSINESS IMPROVEMENT**
27 **DISTRICT TAX FOR THE PROPOSED DISTRICT'S COMMON OPERATIONS AND THE**
28 **FORMULA USED TO DETERMINE EACH MEMBER'S DISTRICT TAX; AND**

1 (III) THE MAXIMUM AMOUNT AND THE NATURE OF START-UP
2 COSTS INCURRED BEFORE THE DISTRICT'S ESTABLISHMENT;

3 (4) A TAX ASSESSOR'S MAP OF THE GEOGRAPHIC AREA OF THE
4 PROPOSED DISTRICT;

5 (5) A LIST OF THE PROPOSED INITIAL BOARD OF THE PROPOSED
6 DISTRICT CORPORATION;

7 (6) THE PROPOSED ARTICLES OF INCORPORATION AND THE
8 BYLAWS OF THE DISTRICT CORPORATION;

9 (7) FOR ALL NONEXEMPT PROPERTY WITHIN THE PROPOSED
10 DISTRICT:

11 (I) THE NAME AND MAILING ADDRESS OF EACH OWNER;
12 AND

13 (II) THE MOST RECENT ASSESSED VALUE; AND

14 (8) A LIST OF THE NAMES AND ADDRESSES OF ALL COMMERCIAL
15 TENANTS WITHIN THE GEOGRAPHIC AREA OF THE PROPOSED DISTRICT.

16 (C) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION
17 SHALL SCHEDULE A PUBLIC HEARING ON THE APPLICATION.

18 12-409.

19 (A) AT LEAST 21 DAYS BEFORE THE PUBLIC HEARING, THE GOVERNING
20 BODY OF A COUNTY OR MUNICIPAL CORPORATION SHALL PUBLISH NOTICE OF
21 THE PUBLIC HEARING IN A NEWSPAPER OF GENERAL CIRCULATION WITHIN THE
22 GEOGRAPHIC AREA OF THE PROPOSED DISTRICT.

23 (B) AT LEAST 21 DAYS BEFORE THE PUBLIC HEARING, THE PROPOSER
24 OF THE PROPOSED DISTRICT CORPORATION SHALL SEND NOTICE OF THE
25 PUBLIC HEARING AND A SUMMARY OF THE APPLICATION TO:

26 (1) EACH OWNER OF NONEXEMPT PROPERTY WITHIN THE
27 PROPOSED DISTRICT; AND

28 (2) EACH COMMERCIAL TENANT WITHIN THE PROPOSED
29 DISTRICT.

1 **(C) BEFORE THE PUBLIC HEARING, THE APPLICATION SHALL BE MADE**
2 **AVAILABLE FOR REVIEW DURING NORMAL BUSINESS HOURS IN AT LEAST ONE**
3 **LOCATION IN THE PROPOSED DISTRICT.**

4 **(D) WITHIN 10 DAYS AFTER THE PUBLIC HEARING, IF THE GOVERNING**
5 **BODY OF THE COUNTY OR MUNICIPAL CORPORATION DETERMINES THAT THE**
6 **DISTRICT MEETS THE PURPOSES OF THIS SUBTITLE, THE GOVERNING BODY**
7 **SHALL AUTHORIZE THE DISTRICT IN ACCORDANCE WITH § 12-403 OF THIS**
8 **SUBTITLE.**

9 **12-410.**

10 **(A) WITHIN 10 DAYS AFTER THE AUTHORIZATION OF THE DISTRICT,**
11 **THE DISTRICT CORPORATION SHALL PROVIDE THE GOVERNING BODY OF A**
12 **COUNTY OR MUNICIPAL CORPORATION WITH A PRELIMINARY BUSINESS**
13 **IMPROVEMENT DISTRICT TAX ROLL.**

14 **(B) (1) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL**
15 **CORPORATION SHALL IMPOSE A BUSINESS IMPROVEMENT DISTRICT TAX TO**
16 **PROVIDE FUNDS FOR THE OPERATION OF THE DISTRICT.**

17 **(2) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL**
18 **CORPORATION SHALL IMPOSE THE DISTRICT TAX AT RATE SUFFICIENT TO**
19 **PROVIDE FOR THE OPERATION OF THE DISTRICT.**

20 **(C) THE DISTRICT TAX SHALL BE COLLECTED IN THE SAME MANNER AS**
21 **REAL PROPERTY TAXES ARE COLLECTED.**

22 **(D) A DISTRICT SHALL REIMBURSE THE GOVERNING BODY OF A COUNTY**
23 **OR MUNICIPAL CORPORATION FOR THE COSTS INCURRED IN COLLECTING THE**
24 **DISTRICT TAX.**

25 **12-411.**

26 **(A) AN ESTABLISHED DISTRICT MAY EXPAND THE GEOGRAPHIC AREA**
27 **OF THE DISTRICT IF:**

28 **(1) OWNERS OF AT LEAST 51% INTEREST IN THE ASSESSED VALUE**
29 **OF THE NONEXEMPT PROPERTY AND AT LEAST 25% IN NUMBER OF INDIVIDUAL**
30 **PROPERTIES OF RECORD IN A GEOGRAPHIC AREA PETITION THE EXISTING**
31 **DISTRICT CORPORATION TO JOIN THE DISTRICT;**

1 **(2) THE PETITION UNDER ITEM (1) OF THIS SUBSECTION IS**
2 **ACCEPTED BY A MAJORITY VOTE OF THE BOARD OF THE DISTRICT**
3 **CORPORATION; AND**

4 **(3) THE PETITION UNDER ITEM (1) OF THIS SUBSECTION IS**
5 **SUBMITTED TO AND APPROVED BY THE GOVERNING BODY OF THE**
6 **INCORPORATING COUNTY OR MUNICIPAL CORPORATION.**

7 **(B) AN EXPANSION OF A DISTRICT UNDER THIS SECTION IS EFFECTIVE**
8 **ON THE APPROVAL OF THE GOVERNING BODY OF THE INCORPORATING COUNTY**
9 **OR MUNICIPAL CORPORATION.**

10 **12-412.**

11 **(A) NOTWITHSTANDING ANY LIMITATION OF LAW, A DISTRICT MAY**
12 **ISSUE AND SELL BONDS PERIODICALLY TO ACCOMPLISH THE LEGISLATIVE**
13 **PURPOSES OF THIS SUBTITLE.**

14 **(B) (1) A DISTRICT MAY ISSUE AND SELL BONDS TO:**

15 **(I) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,**
16 **FINANCE THE COSTS OF THE ACQUISITION OR IMPROVEMENT OF A FACILITY**
17 **FOR A FACILITY USER, INCLUDING WORKING CAPITAL;**

18 **(II) REFUND OUTSTANDING BONDS;**

19 **(III) PAY THE COSTS OF PREPARING, PRINTING, SELLING,**
20 **AND ISSUING THE BONDS;**

21 **(IV) FUND RESERVES; AND**

22 **(V) PAY THE INTEREST ON THE BONDS IN THE AMOUNT AND**
23 **FOR THE PERIOD THE DISTRICT CORPORATION AND THE INCORPORATING**
24 **COUNTY OR MUNICIPAL CORPORATION CONSIDER REASONABLE.**

25 **(2) (I) A DISTRICT MAY NOT ISSUE BONDS TO ACQUIRE**
26 **WORKING CAPITAL UNLESS THE BONDS ARE SECURED BY A LETTER OF CREDIT**
27 **OR AN INTEREST IN PROPERTY.**

28 **(II) WORKING CAPITAL ACQUIRED BY ISSUING BONDS MAY**
29 **NOT EXCEED 25% OF THE PRINCIPAL AMOUNT OF THE BONDS.**

1 **(C) (1) BONDS ARE LIMITED OBLIGATIONS AND ARE NOT A PLEDGE**
2 **OF THE FAITH AND CREDIT OR TAXING POWER OF THE INCORPORATING COUNTY**
3 **OR MUNICIPAL CORPORATION.**

4 **(2) BONDS ISSUED BY A DISTRICT ARE ISSUED ON BEHALF OF THE**
5 **INCORPORATING COUNTY OR MUNICIPAL CORPORATION THAT ESTABLISHED**
6 **THE DISTRICT.**

7 **(D) (1) A BOND:**

8 **(I) MAY BE IN BEARER FORM;**

9 **(II) MAY BE REGISTRABLE AS TO PRINCIPAL ALONE OR AS**
10 **TO BOTH PRINCIPAL AND INTEREST; AND**

11 **(III) IS A SECURITY AS DEFINED UNDER § 8-102 OF THE**
12 **COMMERCIAL LAW ARTICLE, WHETHER OR NOT THE BOND IS ONE OF A CLASS**
13 **OR SERIES OR IS DIVISIBLE INTO A CLASS OR SERIES OF INSTRUMENTS.**

14 **(2) (I) A BOND SHALL BE SIGNED BY AN OFFICER DESIGNATED**
15 **IN THE RESOLUTION OF THE INCORPORATING COUNTY OR MUNICIPAL**
16 **CORPORATION THAT ESTABLISHES THE DISTRICT.**

17 **(II) A BOND MAY BE EXECUTED BY FACSIMILE SIGNATURE**
18 **IN ACCORDANCE WITH § 2-303 OF THE STATE FINANCE AND PROCUREMENT**
19 **ARTICLE.**

20 **(III) AN OFFICER'S SIGNATURE OR COUNTERSIGNATURE ON**
21 **A BOND OR COUPON REMAINS VALID EVEN IF THE OFFICER LEAVES OFFICE**
22 **BEFORE THE BOND IS DELIVERED.**

23 **(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**
24 **PARAGRAPH, A BOND SHALL MATURE NOT LATER THAN 30 YEARS AFTER THE**
25 **DATE OF ISSUE.**

26 **(II) IF A BOND IS SECURED BY A MORTGAGE INSURED BY A**
27 **UNIT OF THE FEDERAL GOVERNMENT, THE BOND SHALL HAVE A TERM OF**
28 **MATURITY THAT DOES NOT EXCEED THE TERM OF THE INSURANCE.**

29 **(E) (1) A DISTRICT CORPORATION MAY ACQUIRE OR IMPROVE A**
30 **FACILITY WITH BOND PROCEEDS:**

31 **(I) BY LEASING THE FACILITY TO A FACILITY USER;**

1 **(II) BY SELLING THE FACILITY TO A FACILITY USER UNDER**
2 **AN INSTALLMENT SALE AGREEMENT;**

3 **(III) BY LENDING BOND PROCEEDS TO A FACILITY USER TO**
4 **BE USED TO FINANCE A FACILITY; OR**

5 **(IV) IN ANY OTHER MANNER THAT THE DISTRICT**
6 **CORPORATION OR THE INCORPORATING COUNTY OR MUNICIPAL CORPORATION**
7 **CONSIDERS APPROPRIATE TO ACCOMPLISH THE LEGISLATIVE PURPOSES OF**
8 **THIS SUBTITLE.**

9 **(2) (I) THE LEASE OF A FACILITY UNDER THIS SUBTITLE MAY**
10 **AUTHORIZE OR REQUIRE THE FACILITY USER TO ACQUIRE THE FACILITY ON**
11 **PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS APPLICABLE TO**
12 **THE FACILITY USER.**

13 **(II) THE CONSIDERATION FOR THE ACQUISITION OF THE**
14 **FACILITY MAY BE NOMINAL.**

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 2010.